

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 EB-08 COME-00 STR-04 ITC-01 TRSE-00
OMB-01 SP-02 L-03 CIAE-00 INR-07 NSAE-00 SIL-01 LAB-04
/042 R

DRAFTED BY ARA/ECA:DVANTREECK:RC

APPROVED BY ARA:JGRUNWALD

EB/ITP/OT/STA:MGOLDMAN (DRAFT)

ARA/ECP:WBURSON (DRAFT)

ARA/ECA:RWZIMMERMANN (DRAFT)

ARA/ECA:RCGRAHAM (DRAFT)

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FM SECSTATE WASHDC

TO AMEMBASSY MONTEVIDEO PRIORITY

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E.O. 11652: N/A

TAGS: ETRD, UY

SUBJECT: SHOE DELEGATION REPRESENTATION

REF: MVD 568;

STATE 13149, 21335

1. URUGUAYAN SHOE DELEGATION MET WITH DEPARTMENT REPRESENTATIVES FEB 14. DELEGATION INCLUDED CHARGE D'AFFAIRES TALAMAS; DIRECTOR OF ECONOMIC AND COMMERCIAL AFFAIRS URUGUAYAN CONSULATE NEW YORK JORGE SIENRA; COUNSELOR OF URUGUAYAN EMBASSY JUAN E. FISCHER; AND FOLLOWING MEMBERS OF THE URUGUAYAN FOOTWEAR CHAMBER; VICE PRESIDENT ARANA, LEGAL ADVISOR MARCHESANO, AND SECRETARY AZADIAN. DEPARTMENT REPRESENTED BY DEPUTY ASST. SECRETARY GRUNWALD; ROBERT ZIMMERMANN, DIRECTOR ARA/ECA; STEVEN ROGERS,
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DIRECTOR ARA/ECP; AND OTHER OFFICIALS FROM EB, ECP, AND ECA.

2. GRUNWALD SET TONE OF MEETING INDICATING THE DEPARTMENT UNDERSTOOD THE PROBLEM POSED FOR URUGUAY BY THE ITC PROPOSED REMEDY, THAT WE WERE PLEASED TO HAVE THIS OPPORTUNITY TO RECEIVE URUGUAYAN VIEWS, AND THAT WE WOULD GIVE THESE VIEWS MOST SERIOUS CONSIDERATION.

DR. TALAMAS REPLIED THAT DELEGATION UNDERSTOOD US CONSIDERATIONS, AND EXPRESSED BELIEF THAT A SPECIAL QUOTA FOR

URUGUAY WOULD BE FAIR, BUT 1974 FIGURES ARE NON-REPRESENTATIVE AND SHOULD NOT BE USED AS QUOTA BASE.

3. DR. MARCHESANO MADE THE FOLLOWING POINTS: (A) URUGUAY HAS RECENTLY ENTERED INTERNATIONAL MARKET AND HAS NOT SHOWN ITS FULL CAPACITY. AS A NEW ENTRANT IT SHOULD BE ALLOWED TO DEVELOP ITS POTENTIAL. NEITHER 1974 NOR 1976 FIGURES ARE REPRESENTATIVE OF POTENTIAL. UNDER PRESENT CONDITIONS AND WITHOUT NEW INVESTMENT, POTENTIAL CAPACITY WAS STATED AS 6.5 MILLION PAIRS PER YEAR. (B) THE DEVELOPMENT OF THE INDUSTRY REFLECTS AMERICAN MARKET TASTE AND REQUIREMENTS; 80 PERCENT OF EXPORTS GO TO U.S. THE COST OF NECESSARY ADJUSTMENTS TO PENETRATE ALTERNATE MARKETS WOULD BE HIGH, AND COULD BE JUSTIFIED ONLY WITH LARGE-SCALE PRODUCTION RUNS (I.E., VIRTUALLY ALL OF URUGUAYAN PRODUCTION CAPACITY). (C) SUDDEN COLLAPSE OF THE U.S. EXPORT MARKET WOULD CAUSE 9,000 WORKERS UNEMPLOYMENT. APPLYING THIS FIGURE PROPORTIONATELY TO U.S. WORK FORCE, THIS WOULD BE EQUIVALENT TO SUDDEN DISPLACEMENT OF 600,000 WORKERS. (D) "CHEAP LABOR" AND UNFAIR COMPETITION ARGUMENT DOES NOT APPLY - URUGUAYAN WORKERS HAVE A GOOD STANDARD OF LIVING AND ARE PROTECTED BY BROAD SOCIAL LEGISLATION. (E) WORLD-WIDE EFFECT OF U.S. ACTION AS RECOMMENDED BY USITC IS A 35-40 PERCENT REDUCTION IN MAJOR SHOE EXPORTS TO U.S. SAME FORMULA APPLIED TO URUGUAY WOULD BE FAR MORE SERIOUS LIMITED OFFICIAL USE

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SERIOUS DAMAGE RESULTS FROM THE DIFFERENCE IN SHOE EXPORTS BETWEEN 1974 (ITC BASE YEAR) AND PRESENT LEVEL OF EXPORTS. THIS WAS REGARDED AS UNFAIR AND NOT INTENDED. OTHER COUNTRIES HAVE WELL ESTABLISHED CAPACITY; WHILE U.S. IS ASKING URUGUAY TO TAKE SUBSTANTIAL REDUCTION

BEFORE IT REACHES POTENTIAL CAPACITY.

4. DELEGATION HAS ALSO MET WITH STR AND TREASURY THIS WEEK.

5. FYI. URUGUAYAN CALCULATION: 1,924,894 PAIR (1976) MINUS 208,620 PAIR (1974) EQUALS 1,716,274 PAIR (SUBJECT TO ITC QUOTA). 208,620 PAIR TIMES 8.2 (820 PERCENT ROUNDED TO 800) EQUALS 1976 EXPORTS AFFECTED. SEE STATE 13149 FOR DATA. END FYI.

HARTMAN

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Message Attributes

Automatic Decaptioning: X
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Sent Date: 19-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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